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C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 002475

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SUBJECT: EU CONTACTS DISCUSS THE MIDDLE EAST

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Classified By: Deputy Political Minister Counselor Alyce Tidball for reasons 1.4 (b) and (d)

11. SUMMARY. (C) Contacts in Brussels confirmed that while many member states question the practicality of isolating Hamas, the EU is firmly committed to the Quartet principles and will not waver in its support for them. Despite a recent flurry of press articles and think tank analyses calling for a more "pragmatic" approach to the Middle East Peace Process (MEPP) which would include dialogue with Hamas, EU member states have determined that such outreach would only serve to undermine PA President Abbas at a time when showing support for him and PM Fayyad is of utmost importance. EU contacts insisted that Hamas would eventually have to be part of the solution, but said Abbas should be the one to negotiate with Hamas and he should do so from a position of strength, a position the international community could hopefully help him achieve. Concrete results are also critical to not encouraging the development of Gaza as a separate political entity and to keeping Hamas from expanding its support in the West Bank. Contacts said there is a strong possibility Hamas could expand into the West Bank, but for the moment Abbas has strong backing and a window of opportunity to stop infiltration by delivering results. One contact said the Arab League wants a clear horizon for a Palestinian state and backing for the Arab initiative. Speculation abounds about the reasons for UK PM Brown's reported interest in naming current UN Middle East Envoy Michael Williams as his own Middle East envoy. END SUMMARY.

12. (C) EU HiRep Javier Solana quickly announced his support for the President's July 16 call for an international meeting on the MEPP, but some European analysts decried EU support for U.S. policies, claiming that it was time to engage with Hamas. While many European Commission working level contacts have consistently questioned the wisdom of isolating Hamas, EU leaders in both the Council and the Commission have stood firmly behind the Quartet principles (renunciation of violence, acceptance of previous agreements and recognition of Israel's right to exist) as conditions for engagement with Hamas.

13. (C) Contacts in the Portuguese presidency permanent representation, the UK permanent representation, and the German permanent representation confirmed to poloff in recent conversations that member states, some more enthusiastically than others, agree on a policy of strong support for Abbas and refusal to engage with Hamas. Contacts noted that Hamas would have to be dealt with, but said PA President Abbas should be the one to negotiate with Hamas, since this is an internal Palestinian issue.

14. (C) Christian Jouret, EU Council Middle East Unit Head, welcomed U.S. re-engagement on the MEPP and Blair's appointment as Quartet representative. While the EU is

clearly committed to supporting Abbas, he said, the Hamas problem remains. The hope that the West Bank will become a model Arab democracy and the Gazans will wake up and realize their mistake is unlikely to become a reality. Hamas is not going to abandon its ideology overnight and there is a danger, if Abbas cannot deliver real progress very soon, that its presence and influence in the West Bank could expand. While there is no serious talk now of a Palestinian National Unity Government, Jouret estimates one will likely have to be negotiated within six months.

15. (C) Abbas and Olmert, Jouret said, should go to the U.S.-led international meeting with some agreement on political horizons in order to achieve concrete results at the meeting. This is essential to supporting Abbas and giving him bargaining strength for the inevitable negotiation with Hamas. Regarding the international meeting, Jouret asked for more details on who would be invited, insisting that Saudi attendance is critical. He used the oft-cited phrase "cautious optimism" for the current mood in the EU and said they are relying on the re-engagement of the U.S. and will do everything they can to make the effort a success.

16. (C) The Portuguese Presidency's Brussels-based Middle East watcher Joao Costa was disappointed that the President's speech held "nothing new." in his opinion, for the MEPP and said the Israelis have to define a long term perspective on such issues as the settlements. The EU is encouraging Abbas to re-engage with Hamas, Costa said, emphasizing that Hamas cannot be dismissed as a marginal group. Meanwhile, he said, the priority is to strengthen Abbas so he is in a better position to negotiate. If the international meeting is a success it will reinforce Abbas, but if he fails to bring home anything new and positive it will weaken him. He said

BRUSSELS 00002475 002 OF 003

the July 23 General and External Affairs Council (GAERC) statement reflects the EU's views on the clear need for Israeli movement. (NOTE: The GAERC conclusions were debated at length in the Political and Security Committee (PSC) and many were unhappy with the conclusion's length and tone. Several contacts told us this exercise has led to a committee being named to study the process for drafting GAERC conclusions. Another contact said the weak Portuguese presidency was simply not up to the task. END NOTE.)

17. (C) Commission Deputy Head of the Near East Unit Gianluca Grippa confirmed reftel account of Blair's July 27 London meeting. He said Blair hoped to have a plan ready by the end of September and that he was counting on incremental steps by the Israelis and hoping that with sufficient progress in the process of Palestinian state-building Hamas would be convinced to join the process. The German representative, Reinicke, took pains to reiterate that the road map is not dead and Blair confirmed that nothing from the MEPP would be discarded. Recalling the EU-Med Foreign Ministers' early July letter to Blair calling the Road Map a failure, Grippa noted that none of those present at the meeting called for discarding the road map.

18. (C) German Deputy PSC representative Christian Buck said the EU is concerned about the possibility of Gaza developing as a separate political entity. It is urgent that Abbas be able to deliver results so that he can become more credible as a leader and negotiate from a position of strength. Buck noted that German Foreign Service Officer Katarina Lach was selected to work on Blair's staff. Lach was already working in Ramallah and reportedly speaks fluent Hebrew and Arabic.

19. (C) EU Special Envoy to the MEPP Marc Otte's newly arrived Counselor Cherif Castel, on loan from the French Foreign Ministry and recently returned from their embassy in Damascus, provided input from the region. He said Arab League SYG Amre Moussa supports an international meeting, but wants it to be under a UN or Quartet umbrella. The Arabs, Castel said, want a clear horizon for a Palestinian state and

backing for the Arab initiative, focusing on the settlements, return of refugees and East Jerusalem. They want a comprehensive plan covering both the Israeli-Palestinian issue and the Israeli-Syrian problem.

¶10. (C) Castel said the EU is not, at this point, taking too seriously information that Hamas is infiltrating the West Bank. Abbas is reforming his security services and has a 67-70 percent approval rating in the polls. Infiltration, he warned, could find fertile ground if the peace talks fail to deliver something. If Abbas and Fayyad do not receive strong support and deliver concrete results before the end of the year, they could lose ground. Everybody agrees this is a specific moment in time where something could be achieved, but they also recognize that if too little is delivered in the short term the opportunity will be lost. The problem with Hamas remains and there is a strong Arab line, led by Syria and supported by Russia, pushing for new talks between Fatah and Hamas.

¶11. (C) Although economic assistance and development will help support Abbas, market access is key to making that development sustainable, Castel said. A broader agreement must be reached and must pressure the Israelis to give "something" (i.e. territory) to Abbas. Castel suggested Israel might be tempted to "play the clock" since, he said, many Israelis do not believe the current initiative is in their best interest. Urgency is of the essence, because failure now could lead to a Palestinian civil war and a failure of the current Israeli government, which would likely usher in a Netanyahu-led government focused on security and further isolation. If, however, the U.S., EU and the international community can help deliver results in this process they will also deliver a strong message of moderation to Hamas and other extremist groups.

¶12. (C) Commission Desk Officer for West Bank/Gaza Andrea Fontana confirms there seems to be agreement on an Ad Hoc Liaison Committee meeting on the margins of UNGA. But, he said, there remains considerable confusion about the November international meeting and December Donors' Conference and how the pieces fit together (and how we would like to see them fit together). One particular concern is the timetable: if the Donors' Conference will only happen in December, it is not clear how that will help Abbas and Fayyad.

¶13. (C/NF) Regarding the possible appointment of current UN Middle East Envoy Michael Williams to the position of Middle East Envoy for PM Brown, Castel said Brown's people are still talking with UNSYG Ban Ki Moon to see if he would agree to release Williams. He speculated that Brown either distrusts

BRUSSELS 00002475 003 OF 003

Blair in his new position of Quartet Representative or that he thinks Williams is wasted on Ban Ki Moon's staff and does not trust the UN to bring value to the process. A contact in the UK mission here suggested it may be simply an effort by Brown to save Williams from working in a dysfunctional office where BKM reportedly listens only to his South Korean advisors.

¶14. (C) COMMENT. Despite the press articles and think tank analyses we see the EU as an institution firmly committed to the current Quartet principles. There is, however, a strong current of frustration, especially among the Mediterranean EU member states, with the previous lack of movement. The EU sees the Hamas takeover of Gaza as a window of opportunity to strengthen Abbas and hopefully give him the tools to bring moderate Hamas members into a unity government. This will require movement from Israel and the support of the international community. END COMMENT.

Murray

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